

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION – BAY CITY**

In re:

Case No. 12-20666-dob

COMMUNITY MEMORIAL HOSPITAL
dba CHEBOYGAN MEMORIAL HOSPITAL,
a Michigan nonprofit corporation,

Chapter 11

HON. DANIEL S. OPPERMAN

Debtor.

**FIRST AMENDMENT TO COMBINED CHAPTER 11 PLAN OF LIQUIDATION AND
DISCLOSURE STATEMENT OF THE OFFICIAL CREDITORS' COMMITTEE**

On April 5, 2013, the Official Committee of Unsecured Creditors filed its Combined Chapter 11 Plan of Liquidation and Disclosure Statement of the Official Committee of Unsecured Creditors [Docket No. 651] (the "Plan"). Objections and/or limited objections to the Plan have been filed by the following parties: (i) McLaren Health Care Corporation (limited objection) [Docket No. 677]; (ii) Daniel M. McDermott, United States Trustee [Docket No. 683]; (iii) the Michigan Department of Community Health (concurrence with Docket No. 683) [Docket No. 685]; (iv) Northern Michigan Regional Hospital and Northern Michigan Hematology and Oncology (limited) [Docket No. 686]; (v) the United States of America, on behalf of its agencies, the United States Department of Agriculture's Rural Development Authority and the Department of Health and Human Services' Centers for Medicare & Medicaid Services [Docket No. 687]; (vi) The Equal Employment Opportunity Commission (concurrence with objections of the United States to Disclosure Statement in Docket No. 687) [Docket No. 689]; (vii) the United States of America, on behalf of its agencies, the United States Department of Agriculture's Rural Development Authority and the Department of Health and Human Services' Centers for Medicare & Medicaid Services [Docket No. 690]; (viii) The Equal Employment Opportunity Commission (concurrence with objections of the United States to Plan of Liquidation in Docket No. 690) [Docket No. 692]; and, (ix) Pension Benefit Guaranty Corporation's Objections to the Combined Chapter 11 Plan of Liquidation and Disclosure Statement of the Official Committee of Unsecured Creditors [Docket No. 698]. The

Committee has conferred with the objecting parties and the Committee has agreed to make amendments to the Disclosure Statement and the Plan set forth herein in an effort to resolve the foregoing objections.

Accordingly, the Committee hereby amends the Disclosure Statement, the Plan, the Plan Exhibits and the Confirmation Exhibits as follows:

I. Amendments to Disclosure Statement

1. The second sentence in the description of General Unsecured Claims on page 2 of the Disclosure Statement [Docket No. 651, page 12] is amended in its entirety to read as follows (change marked):

The foregoing does not take into consideration the claims of non-debtor parties to rejected executory contracts and unexpired leases ~~because as more fully explained in the Plan, the Purchaser is still in the process of determining which executory contracts and unexpired leases it would like the Debtor to assume and assign to Purchaser.~~

II. Amendments to Plan and Plan Exhibits

2. Section 2.2 shall be amended and restated in its entirety to read as follows (changes marked):

2.2 Classified Claims and Treatment

2.2.1 Other Priority Claims (Class 1 Claims) – Unimpaired.

After payment of each Allowed Administrative Expense Claim required to be paid on the Effective Date, Each Holder of an Allowed Other Priority Claim will be paid in the same manner as Allowed Administrative Expense Claims as provided in Section 2.1.1.a.

2.2.2 Other Secured Claims (Class 2 Claims) – Unimpaired.

Unless the Holder of an Allowed Other Secured Claim and the Creditors' Committee agree to different treatment, 30 days after the later of (a) Effective Date and (b) the date on which the Claim is Allowed, in full satisfaction of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive, at the option of the Creditors' Committee: (x) the net proceeds of the sale of the property securing such Claim, up to the Allowed amount of such Claim; (y) the return of property securing such Claim; or (z) Cash equal to the value of the property securing such Claim, up to the value of the Allowed Other Secured Claim.

2.2.3 Citizens Bank Secured Claim (Class 3 Claim) – Impaired.

On the Effective Date, in full satisfaction, discharge and release of the Secured Claim of Citizens Bank, Citizens Bank shall be deemed to have that portion of its claim that is a Secured Claim deemed satisfied and paid in full in exchange for ~~the treatment more fully described in Section 5.4.2~~ the distribution of (i) its share of the Sale Proceeds as and when determined by a Final Order, (ii) the Lincoln

Bridge Property, (iii) the Citizens Effective Date Payment and (iv) the Citizens Plan Note. The Citizens Plan Note shall be Secured by Accounts Receivable and shall be substantially in the form of Confirmation Exhibit 5.4.2.~~the treatment more fully described in Section 5.4.2.~~

2.2.4 USDA Secured Claim (Class 4 Claim) – Impaired.

On the Effective Date, in full satisfaction, discharge and release of the Secured Claim of the USDA, the USDA shall be deemed to have that portion of its claim that is a Secured Claim deemed satisfied and paid in full in exchange for ~~the treatment more fully described in Section 5.4.3~~ the distribution of (i) its share of the Sale Proceeds as and when determined by a Final Order, (ii) the USDA Effective Date Payment and (iii) the USDA Plan Note. The USDA Plan Note shall be Secured by Accounts Receivable and shall be substantially in the form of Confirmation Exhibit 5.4.3. ~~the treatment more fully described in Section 5.4.3.~~

2.2.5 General Unsecured Claims (Class 5 Claims) – Impaired.

Upon the later of (a) payment of all Allowed Administrative Claims, (b) payment of all Allowed Class 2, Class 3 and Class 4 Claims, (c) payment of all Allowed Priority Tax Claims, and (d) a General Unsecured Claim becoming an Allowed General Unsecured Claim, ~~and in full satisfaction, discharge and release,~~ and in exchange for each holder's Allowed General Unsecured Claim, on one or more Distribution Dates, unless the Liquidating Trustee and the Holder of a General Unsecured Claim agree to different treatment, each holder of an Allowed General Unsecured Claim shall receive its Pro-Rata share of the Liquidating Trust Assets (after payment of Liquidation Administrative Expenses).

3. Section 3.3.7 of the Plan shall be amended and restated in its entirety as follows (changes marked):

3.3.7 Tax Treatment

The Liquidating Trust is intended to be treated for U.S. federal income tax purposes in part as a liquidating trust described in Treasury Regulation § 301.7701-4(d) taxed pursuant to Section 641 et seq. of the Internal Revenue Code or as disputed ownership funds described in Treasury Regulation § 1.468B-9. For federal income tax purposes, the transfer of assets by the Debtor to the Liquidating Trust will be treated in part as the transfer of assets by the Debtor to the holders of Allowed Claims, subject to any liabilities of the Debtor or the Liquidating Trust payable from the proceeds of such assets, followed by the transfer of such assets (subject to such liabilities) by such holders to the Liquidating Trust in exchange for interests in the trust. The holders of Allowed Claims will be treated for federal income tax purposes as the grantors and deemed owners of their respective shares of the assets in the Liquidating Trust (subject to such liabilities), depending on their rights to distributions under the Plan. As grantors and deemed owners of such assets, the holders of Allowed Claims will be required to include in income their respective shares of the income, deductions, gains, losses and credits attributable to such assets. The holders of Allowed Claims will be required to use the values assigned to such assets by the Liquidating Trustee for all federal tax purposes, including the recognition of income, deduction, gain or loss with respect to their Allowed Claims and any gain or loss recognized on the subsequent disposition of an asset in which the holder holds an interest.

The Liquidating Trust Agreement will contain certain provisions to comply with IRS guidance for trusts treated as liquidating trusts. Among other things, the agreement will: (a) require that the

Liquidating Trust terminate no later than five years after the Effective Date, subject to extension with Bankruptcy Court approval, (b) limit the Liquidating Trustee's investment powers, (c) limit the business operations carried on by the Liquidating Trust to activities reasonably necessary to and consistent with the trust's liquidating purpose, (d) prohibit the Liquidating Trust from receiving or retaining Cash or Cash equivalents in excess of an amount reasonably necessary to meet Claims and contingent liabilities or to maintain the value of the trust assets during liquidation, and (e) require the Liquidating Trustee to distribute at least annually to the holders of Allowed General Unsecured Claims the Liquidating Trust's net income and the net proceeds from the sale of Liquidating Trust Assets in excess of an amount reasonably necessary to meet senior Claims and contingent liabilities (including Disputed Claims) and to maintain the value of the Liquidating Trust Assets.

Liquidating Trust Assets ~~reserved for the holders of~~ in the Disputed Claims Reserve will be treated as ~~one or Disputed Claims~~ reserves for tax purposes, which will be subject to an entity-level Tax on some or all of their net income or gain. No holder of a Claim will be treated as the grantor or deemed owner of an asset ~~reserved for~~ in the Disputed Claims Reserve until such holder receives or is allocated an interest in such asset.

The Liquidating Trustee will file all Tax returns on a basis consistent with the treatment of the Liquidating Trust in part as a liquidating trust (and grantor trust pursuant to Treasury Regulation § 1.671-1(a)) and in part as ~~one or more~~ a Disputed Claims ~~Reserves~~ taxed as a discrete trust or as disputed ownership funds, and will pay all Taxes owed from Liquidating Trust assets, provided that income taxes ~~of~~ on the Disputed Claims ~~Reserves~~ shall only be paid from the Liquidating Trust assets allocable to the Disputed Claims ~~Reserves~~.

4. Section 3.3.10 of the Plan shall be amended and restated in its entirety to read as follows (changes marked):

3.3.10 Settlement of Causes of Actions and Disputed Claims

The Liquidating Trustee may settle, compromise, abandon or withdraw any Recovery Causes of ~~Action, Avoidance Action, D & O Actions or other action of the Debtor,~~ on any grounds or terms he deems reasonable, without further order of the Bankruptcy Court. The Liquidating Trustee may settle or compromise any Disputed Claims on any terms the Liquidating Trustee deems reasonable, without further order of the Bankruptcy Court.

5. Section 3.4.3 shall be amended and restated in its entirety to read as follows (changes marked):

3.3.4 Preservation of Recovery ~~Causes of Action; Avoidance Actions~~

On the Effective Date, the Debtor will transfer to the Liquidating Trust, as the representative of the Estate under section 1123(b) of the Bankruptcy Code, all Recovery Causes of Action, Avoidance ~~Action, D & O Actions or other actions of the Debtor,~~ including but not limited to those items identified on Confirmation Exhibit 3.4.3. Any and all Recovery Causes of Action, Avoidance Action, D & O ~~Actions or other actions of the Debtor~~ assigned in the Sale Order to the Creditors' Committee are hereby deemed assigned by the Creditors' Committee to the Liquidating Trust on the following terms and conditions: (i) the Net Proceeds of all such Recovery Causes of Action, Avoidance Action, D & O ~~Actions or other actions of the Debtor~~ assigned in the Sale Order to the Creditors' Committee shall inure to the sole and exclusive benefit of all Unsecured Creditors (whether or not the Claims of such creditors

are afforded priority or administrative treatment under this Plan or the Bankruptcy Code, and specifically including Fee Claims for professional fees) and those Allowed Claims shall be paid in accordance with the priority scheme provided for under the Bankruptcy Code, (ii) the Liquidating Trustee's fee of three percent (3%) and Varnum LLP's fee of thirty-three percent (33.3%) on any gross recoveries shall inure to the sole and exclusive benefit of the Liquidating Trustee and Varnum, LLP; (iii) the Liquidating Trustee shall retain Varnum, LLP as counsel to prosecute all Recovery Causes of Action, Avoidance Action, D & O Actions ~~and other actions of the Debtor~~ (the prior orders of the Bankruptcy Court approving the Creditors Committee's retention of Varnum, LLP under sections 327 and 328 of the Bankruptcy Code are hereby deemed ratified by and binding upon the Liquidating Trust and the Liquidating Trustee without further order of the Bankruptcy Court); (iv) the Liquidating Trustee shall be entitled, in connection with the prosecution of such Recovery Causes of Action, Avoidance Action, D & O Actions ~~and other actions of the Debtor~~, and in lieu of any hourly-rate compensation, and without further order of the Bankruptcy Court, a fee of three percent (3%) of all recoveries, and (v) all such causes of action constitute 'Recovery Causes of Actions' as defined in the Plan generally and in this Section 3.4.3.

Notwithstanding anything contained in this Section 3.4.3 or this Plan to the contrary, the Debtor or the Liquidating Trustee, as the case may be, may assert any Avoidance Action as a defense where applicable. As of the Effective Date, the Liquidating Trustee shall control the privilege rights of the Debtor, including, but not limited to, the attorney/client privilege, related to the Recovery Causes of Action, Avoidance Action, D & O Actions ~~and other actions of the Debtor~~.

6. Section 3.4.4 of the Plan shall be amended and restated in its entirety to read as follows

(changes marked):

3.4.4 Comprehensive Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim or interest may have with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtor, its Estate and its respective property and Claim ~~and interest~~ holders and is fair, equitable and reasonable. Provided, however, that this Section 3.4.4 shall not be construed as a discharge in violation of 11 U.S.C. §1141(a)(3).

7. Section 3.3.6 of the Plan entitled "Claims Against the Liquidating Trust" is hereby deleted in its entirety.

8. Section 4.1 of the Plan shall be amended and restated in its entirety to read as follows

(changes marked):

4.1 Assumption and Assignment

Each Executory Contract, Unexpired Lease or other agreement listed on Confirmation Exhibit 4.1 has been ~~or will be~~ assigned to the Purchaser prior to the Effective Date. All other Executory Contracts,

Unexpired Leases or other agreements are deemed rejected, unless otherwise provided through an Order of the Bankruptcy Court.

9. Section 4.2 of the Plan shall be amended and restated in its entirety to read as follows (changes marked):

4.2 Cure of Defaults

Upon information and belief, all Cure Amount Claims have been satisfied ~~or are in the process of being satisfied~~ by the Purchaser in accordance with the terms and procedures of the Sale and related process.

10. Section 5.4.5 of the Plan shall be renumbered as Section 5.5.4 and the remainder of Section 5.4 (portions of which have been moved to Sections 2.2.3 and 2.2.4) shall be amended and restated in its entirety to read as follows:

5.4 Omitted Intentionally.

11. New Section 5.5.4 shall be amended and restated in its entirety to read as follows (renumbered from 5.4.5)(changes marked):

5.5.4 Distributions to the Liquidating Trustee and to Varnum, LLP

Distributions of percentage fees payable to the Liquidating Trustee and distributions of contingency fees payable to Varnum, LLP shall be paid by the Liquidating Trustee when recoveries are made on each Recovery Cause of Action, Avoidance Action, D & O Action ~~or other actions of the Debtor~~ and without further order of the Bankruptcy Court.

12. Section 5.8 of the Plan shall be amended and restated in its entirety to read as follows (changes marked):

5.8 Setoffs

Except with respect to claims of the Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Debtor (or the Liquidating Trustee on behalf of the Debtor) may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtor may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtor or the Liquidating Trustee of any claims, rights and causes of action that the Debtor may possess against a Claim Holder, which are expressly preserved under Section 3.4.3. Moreover, nothing in this paragraph, the Plan or the

Confirmation Order shall be construed to limit CMS's rights of set off or recoupment arising under federal law and the Medicare Act, to the extent permitted by the Bankruptcy Code.

13. Section 6.3.1 shall be amended and restated in its entirety to read as follows (changes marked):

6.3.1 Funding.

At ~~any time least thirty (30) days~~ following the Effective Claim Objection Bar Date ~~or otherwise~~ and prior to any initial distribution under Section ~~2.2.5~~ 5.4.2 of the Plan and Section 5.04 of the Liquidating Trust Agreement, the Disputed Claims Reserve will be established and maintained by the Liquidating Trustee pursuant to the Liquidating Trust Agreement for the benefit of holders of Disputed Claims that become Allowed Claims. For the purpose of calculating the Assets to be contributed to the Disputed Claims Reserve, all Disputed Claims will be treated (solely for purposes of establishing the Disputed Claims Reserve) as Allowed Claims in the Face Amount of such Claims as of the Effective Date, or in the event of a Disputed Administrative Claim as of the Bar Date provided in Section 2.1.1.c.(i) of the Plan. As Disputed Claims are resolved, the Liquidating Trustee shall make adjustments to the ~~reserves for~~ Disputed Claims Reserve, but the Liquidating Trustee shall not be required to increase such reserves from and after the date at which the Disputed Claims Reserve is initially established. The Liquidating Trustee may File a motion seeking an order of the Bankruptcy Court approving additional procedures for the establishment of the Disputed Claims Reserve.

14. Section 6.3.2 shall be amended and restated in its entirety to read as follows (changes marked):

6.3.2 Distributions.

The distributions received by the Liquidating Trustee on account of the Disputed Claims Reserve from the Liquidating Trust, along with any Cash Investment Yield held in the Disputed Claims Reserve, will (a) be deposited in a segregated bank account for the benefit of holders of ~~Allowed Claims and~~ Disputed Claims that become Allowed Claims and (b) accounted for separately. The Liquidating Trustee will invest any Cash held in the Disputed Claims Reserve in a manner consistent with the Liquidating Trust Agreement. Any excess amount remaining in the Disputed Claims Reserve after all Disputed Claim have been resolved shall be distributed in accordance with the Plan.

15. Section 6.3.3 shall be amended and restated in its entirety to read as follows (changes marked):

6.3.3 Recourse.

Each holder of ~~an Allowed Claim and each holder of~~ a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only against the Disputed Claims Reserve and not to any other assets held by the Liquidating Trust, its property or any assets previously distributed on account of any Allowed Claim.

16. Article VIII of the Plan shall be amended by adding new subparagraph T to read as follows:

T. Notwithstanding any of the foregoing, or any provision in this Plan or Confirmation Order to the contrary, any claims arising under the Medicare Act are removed from the Bankruptcy Court's jurisdiction by 42 U.S.C. §§ 405(h) and 1395ii. After exhaustion of statutorily required administrative remedies pursuant to the exclusive jurisdictional provisions of the Medicare Act, which include, but are not limited to 42 U.S.C. § 1395ff (incorporating by reference § 405(g)) and 42 U.S.C. § 1395oo, the final administrative decision of the agency would be heard by the federal court designated by the Medicare Act.

17. Section 9.7 of the Plan shall be amended and restated in its entirety to read as follows

(changes marked):

9.7 Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the state of Michigan without giving effect to the principles of conflict of laws thereof. However, notwithstanding this paragraph, or any provision in this Plan or Confirmation Order to the contrary, all disputed matters arising under (i) Medicare shall be governed by the Medicare Act and other applicable law (ii) Medicaid shall be governed by the Medicaid Act and other applicable law. Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the state of Michigan without giving effect to the principles of conflict of laws thereof. However, notwithstanding this paragraph, or any provision in this Plan or Confirmation Order to the contrary, all disputed matters arising under Medicare shall be governed by the Medicare Act and other applicable federal law, and all other disputed matters involving federal claims shall be governed by applicable federal law.

II. Amendments to Plan Exhibits

A. Exhibit A - Definitions

18. The following definition is added:

"Allowed Class 4 A/R Secured Claim" means the portion of the Allowed Class 3 Claim secured by Accounts Receivable after giving effect to all other amounts distributed to the USDA on account of the Allowed Class 4 Claim.

19. The definition of "Exculpated Parties" shall be deleted.

20. The definition of "Released Parties" shall be deleted.

III. Amendments to Confirmation Exhibits

A. Confirmation Exhibit 3.3.1 – Liquidating Trust Agreement and Declaration of

Trust

21. The definition of "Net Proceeds" in Section 1.01 shall be amended and restated in its entirety to read as follows (changes marked):

"Net Proceeds" means the net cash proceeds of the disposition of the property of the Debtor's estate disposed of by the Liquidating Trustee ~~means the gross recovery on any Causes of Action, including any Avoidance Actions, D&O Actions and other actions of the Debtor, less the three percent (3%) fee of the Liquidation Trustee and the one third (33.33%) contingency fee of Varnum, LLP.~~

22. The definition of "Net Recoveries" in Section 1.01 shall be amended and restated in its entirety to read as follows (changes marked):

"Net Recoveries" means the gross recovery on any Recovery Action, less the three percent (3%) fee of the Liquidation Trustee and the one third (33.33%) contingency fee of Varnum, LLP ~~the net cash proceeds of the disposition of the property of the Debtor's estate disposed of by the Liquidating Trustee.~~

23. The definition of "Professional Fees" in Section 1.01 shall be amended and restated in its entirety to read as follows (changes marked):

"Professional Fees" means fees and expenses of a ~~p~~Professional.

24. Section 5.01(a)(ii) of the Liquidating Trust is hereby amended and restated in its entirety to read as follows (changes marked):

(ii) The Liquidating Trustee shall establish and maintain a Liquidating Trust Administration Reserve Account in the name of the Liquidating Trustee at an Eligible Institution as a segregated trust account accessible only by the Liquidating Trustee, which shall be identified as the "Liquidating Trust Administration Reserves for the CMH Liquidating Trust" and shall bear a designation clearly indicating that the funds deposited therein are held on reserve to pay the Liquidating Trustee, and Professional Fees ~~retained by the Liquidating Trustee, including attorneys, financial advisors and other advisors,~~ expert witness fees, storage, rental and office administrative costs, costs of temporary employees, or others utilized by the Liquidating Trustee to fulfill his duties and all other expenses incurred by the Liquidating Trustee in the performance of his duties. The Liquidating Trustee will have the sole responsibility of determining the amount of the Liquidating Trust Administration Reserves and the funding of the Liquidating Trust Administration Reserves.

25. Section 5.01(a)(v) of the Liquidating Trust is hereby amended and restated in its entirety to read as follows (changes marked):

(v) After payment in full of all Allowed Claims in Classes 1, 2, 3 and 4, ~~The~~ Liquidating Trustee shall establish and maintain at an Eligible Institution a segregated account to receive and distribute the remaining amounts of Net Proceeds Recoveries ~~from and Net Proceeds Recoveries~~ from the Recovery Actions, as a segregated account accessible only by the Liquidating Trustee, which shall be identified as the "Net Recoveries Account for the CMH Liquidating Trust" ("Net Recoveries Account") and shall bear a designation clearly indicating that the funds deposited

therein are held on reserve solely for the benefit of Holders of General Unsecured Claims under the Plan which become Allowed. Based on (i) the total amount of Allowed Unsecured Claims and (ii) the total Face Amount if all Disputed Claims, the Liquidating Trustee shall then determine each unsecured creditor's pro rata share of the total amount of the Net Recoveries Account ("Pro Rata Share"). Thereafter, the Liquidating Trustee shall transfer the amount of the Pro Rata Share attributable to all Disputed Claims from the Net Recoveries Account for the CMH Liquidating Trust to the Disputed Claims Reserve Account.

26. Section 7.01 of the Liquidating Trust is hereby amended and restated in its entirety to read as follows (changes marked):

7.01 General Indemnification

The Liquidating Trustee shall either (i) obtain a bond in an amount and on terms acceptable to the Office of the United States Trustee or (ii) may in his discretion purchase and maintain insurance on behalf of any person who is or was the Liquidating Trustee, employees of the Liquidating Trust, or an agent, attorney, accountant or other Professional of the Liquidating Trustee (each such person, an "Indemnified Person").

27. Section 7.02 of the Liquidating Trust, entitled "No Recourse", is hereby deleted in its entirety.

28. Section 7.04 of the Liquidating Trust, entitled "Limitation on Liquidating Trustee's representative's liability," is hereby deleted in its entirety.

B. Confirmation Exhibit 3.4.3 – Causes of Action

29. Items 273 and 274 under the heading "Avoidance Actions" shall be amended and restated in their entirety to read as follows (changes marked):

273. Northern MI Hematology & Oncology (Pending preference action settled, subject to entry of order approving settlement – no other claims known to exist)

274. Northern MI Hospital (No preference action commenced. Demand was made and a determination was made that there were no avoidable transfers. A release of claims is pending in conjunction with the pending action against Northern MI Hematology & Oncology, referenced above, subject to entry of order approving settlement – no other claims known to exist)

C. Confirmation Exhibit 4.1 – Assumed Executory Contracts and Unexpired Leases

30. Item 1 in Confirmation Exhibit 4.1 shall be amended and restated in its entirety to read as follows (changes marked):

1. Certain equipment lease by and between Community Memorial Hospital and Susquehanna Commercial Finance, Inc., successor in interest (by assignment)¹ of Abbott Laboratories, Inc., signed October 30, 2008. (~~To be~~ Assumed and assigned to the Purchaser [Docket No. 392].)

IV. Other Amendments

31. The Liquidating Trustee shall comply with all post-confirmation obligations imposed by the Bankruptcy Code and the United States Trustee's Operating Instructions and Reporting Requirements, including the timely payment of United States Trustee quarterly fees based upon disbursements from the Liquidating Trust, and the filing with the Court, with service upon the United States Trustee, of monthly disbursement reports, until such time as the case is closed, dismissed or converted.

32. The Committee reserves the right to make such other and further amendments to the Plan, the Plan Exhibits and the Confirmation Exhibits as may be necessary and/or appropriate.

Respectfully submitted,

Dated: May 29, 2013

VARNUM LLP

/s/ Michael S. McElwee

Michael S. McElwee (P36088)

Robert D. Mollhagen (P27784)

P.O. Box 352 / 333 Bridge Street, N.W.

Grand Rapids, MI 49501-0352

Phone: 616.336.6000

Fax: 616.336.7000

E-mail: msmcelwee@varnumlaw.com

rdmollhagen@varnumlaw.com

*Counsel for the Official Committee of
Unsecured Creditors*

6156230_1.DOCX